## Regulation 39-21-109. Interest on Amount Due.

- (1) Rate. In all cases where there is a delay in payment for any cause beyond the due date on which the tax should have been paid then interest at the rate imposed under section 39-21-110.5, C.R.S., must be paid on the amount due from such due date to the date of payment. Where there is a deficiency assessment, interest is computed on the amount of the deficiency from the date the tax was due.
- (2) Rules for application of interest discount. Section 39-21-109, C.R.S., provides that interest on underpayments shall be computed at the prime rate plus 3 percent as described in section 39-21-110.5, C.R.S. If, however, payment or an agreement to pay is made within 30 days of the Department's notice to pay, the Director will waive the three percentage points in excess of the prime rate unless the Director determines there has been willful neglect or failure to pay the tax.
- (a) For purposes of applying this provision, the full interest assessment authorized under 39-21-110.5, C.R.S., will be imposed and only two circumstances will authorize the 3% interest reduction:
- (i) payment within 30 days of notice, or
- (ii) an agreement to pay made within 30 days of notice.
- (b) If a taxpayer makes a payment with a short check, he will not receive the 3% interest reduction because payment with a short check is considered a willful failure to pay the tax.
- (c) A 3% reduction in penalty interest will be calculated when regular interest is reduced by 3% due to payment or agreement to pay within the authorized 30 day period.
- (d) Non-filers with major tax accounts are to receive a 3% reduction in interest provided payment or agreement to pay is made within 30 days of the issuance of the second notice (the estimated of amount due).
- (e) Income tax non-filers are to receive a 3% reduction in interest provided payment or agreement to pay is made within 30 days of notice of tax due.